

**CAPITOLA CITY COUNCIL  
REGULAR MEETING ACTION MINUTES  
SEPTEMBER 27, 2012 - 7:00 PM**

**CLOSED SESSION – 6:00 PM  
CITY MANAGER’S OFFICE**

**CALL TO ORDER**

**Mayor Termini** called the meeting to order at 6:00 p.m. on Thursday, September 27, 2012, in the City Hall Council Chambers. Council Members present: Council Member Stephanie Harlan, Council Member Dennis Norton, Council Member Kirby Nicol, Council Member Sam Storey, and Mayor Michael Termini. Mayor Termini made an announcement regarding the items to be discussed in Closed Session, as follows:

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant Exposure to litigation pursuant to subdivision (b) of Govt. Code  
§549569.9**

1. City of Capitola Insurance Coverage Claim Against Lexington Insurance (Noble Gulch pipe failure);
2. Santa Cruz County regarding the Noble Gulch pipe failure;
3. Pacific Cove Mobile Home Park closure.

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
(Govt. Code §54956.9)**

1. Kevin Calvert, D.D.S. and Pamela Calvert vs. the City of Capitola, et al. [Superior Court of the State of California for County of Santa Cruz, Case #CV 172804];
2. Katie Saldana vs. City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 172324];
3. Foremost Insurance Company vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 173228];
4. Truck Insurance vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173071];
5. David Ross; Carousel Taffy Morro Bay, Inc.; Village Mouse dba; The Thomas Kinkade Gallery Capitola; Judith Ferro vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 173642];
6. American Alternative Insurance Corporation; Central Fire Protection District of Santa Cruz County vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173926];
7. California Capital Insurance Company [Superior Court of the State of California for the County of Santa Cruz, Case #CV173552].

**Mayor Termini** noted that there was no one in the audience; therefore, the City Council recessed at 6:05 p.m. to the Closed Session in the City Manager’s Office.

## REGULAR MEETING OF THE CAPITOLA CITY COUNCIL – 7:00 PM

## CALL TO ORDER

**Mayor Termini** called the Regular Meeting of the Capitola City Council to order at 7:01 p.m. on Thursday, September 27, 2012, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

## 1. ROLL CALL AND PLEDGE OF ALLEGIANCE

2.

**PRESENT:** Council Members Stephanie Harlan, Dennis Norton, Kirby Nicol, Sam Storey, and Mayor Michael Termini

**ABSENT:** None

**OTHERS:** City Treasurer Jacques Bertrand

**STAFF:** City Manager Jamie Goldstein, Assistant City Attorney Adair Paterno, Public Works Director Steve Jesberg, Administrative Services Director Lisa Murphy, Police Chief Rudy Escalante, and City Clerk Susan Sneddon

## 2. PRESENTATIONS

**Presentation of the Green Building Awards to the following:**

A. TJ & Connie Welch received the Green Building Award for building their home at 410 Escalona Drive;

B. Duncan & Judith Scollon received the Green Building Award for building their home at 5040 Garnet Street.

## 3. REPORT ON CLOSED SESSION [520-25]

**Assistant City Attorney Paterno** stated that all City Council members were present, except Council Member Harlan, who was absent for closed session. Ms. Paterno stated that the items that the City Council discussed in closed session are the items listed on the September 27, 2012, Closed Session Agenda. The City Council received an update on all anticipated litigation listed on the September 27, 2012, Closed Session Agenda, however, took no reportable action. **Ms. Paterno** stated that under existing litigation there were no updates to provide to City Council.

## 4. ADDITIONS AND DELETIONS TO AGENDA (None provided)

## 5. PUBLIC COMMENTS

**Anna Marie Gotti, Capitola resident**, stated there will be a free 2-hour workshop on steps to follow when one witnesses any type of violence.

**Representatives from Second Harvest Food Bank** stated that September is Hunger Action Month.

**Margaret Kinsler, Capitola Village Residents' Association (CVRA) representative**, stated that the CVRA will be sending out a questionnaire for the three City Council candidates.

5. **Sandy Erickson, 117 Cabrillo Street**, stated that she was disappointed that she applied for a vacancy on the City's Finance Advisory Committee and was not considered.

**Ed Bottorff, 321B Capitola Avenue**, thanked the City Council for placing Measure O on the November 2012 ballot.

6. **COUNCIL/STAFF ANNOUNCEMENTS**

**Council Member Nicol** stated that he attended the recent Criminal Justice Council meeting as the City's representative, at which time he received reports from various task force groups regarding the progress that has been made regarding gang activity in Santa Cruz County.

**Mayor Termini** stated that on October 3, 2012, and Capitola Soquel Patch will host the public showing of the Presidential debates at the Britannia Arms. **Mayor Termini** stated that the Suicide Prevention Service is looking for volunteer operators.

7. **BOARDS, COMMISSIONS AND COMMITTEES APPOINTMENTS** (None provided)

**ALL MATTERS LISTED ON THE REGULAR MEETING OF THE CAPITOLA CITY COUNCIL AGENDA SHALL BE CONSIDERED AS PUBLIC HEARINGS.**

- i. **CONSENT CALENDAR**

- A. **Approval of City Check Register Reports dated September 7, 2012, and September 14, 2012. [300-10]**
- B. **Adoption of Ordinance No. 975 adding Section 9.34.010 of the Capitola Municipal Code prohibiting urination and/or defecation in public [2nd Reading]. [485-70]**
- C. **Consideration of authorizing the City Manager to: 1) Unfreeze the Maintenance Superintendent position and fill the position, and 2) Freeze the Streets and Facilities Maintenance Supervisor Position. [600-10]**

***ACTION: Motion by Council Member Nicol, seconded by Council Member Storey, to approve the Consent Calendar. The motion was unanimously carried.***

9. **GENERAL GOVERNMENT/PUBLIC HEARINGS**

- A. **Presentation regarding the City of Capitola Benchmark Study. [330-40]**

**Bill Statler (William C. Statler, Municipal Finance Consulting and Training)** reported on the Capitola Benchmark Study as it compares to six other cities in the following four areas: (1) Financial; (2) Service outcomes or the value for the cost; (3) Changes in City workloads and staffing; (4) Adoption and implementation of "best practices" in managing the public resources. The six comparison cities were Carmel, Laguna Beach, Sausalito, Carpinteria, Pismo Beach, and Scotts Valley.

City Council discussion ensued regarding this item.

Mayor Termini opened this item to the public.

Will O'Sullivan, Finance Advisory Committee (FAC) Member, stated that the FAC endorses the benchmark study.

Sandy Erickson, 117 Cabrillo Street, provided comments regarding the benchmark study.

Mayor Termini closed this item to the public.

***ACTION: Motion by Council Member Nicol, seconded by Council Member Storey, to receive the report on the City of Capitola Benchmark Study and to direct the Finance Advisory Committee to continue reviewing the document for fiscal strategies. The motion carried on the following vote: AYES: Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.***

**B. Consideration of a Resolution adopting the proposed City Fee Schedule for Fiscal Year 2012/2013. [390-40]**

Finance Director Hannah reported on this item. She stated that the recreational fees were approved as part of the Fiscal Year 2012/2013 Budget process. She reported a correction to the General Plan Maintenance Fee. Ms. Hannah stated that staff is recommending deferring the Consumer Price Index increase for Fiscal Year 2012/2013 to maintain compliance with Proposition 26.

City Council discussion ensued regarding General Plan Maintenance fees.

City Manager Goldstein provided background information regarding the cap on the fee calculation and the implementation of the General Plan Maintenance fee, and the cost of preparing the draft General Plan Update.

Mayor Termini stated that when the General Plan Update is complete, staff plans to provide the City Council with a recalculation of the City's General Plan Update Fund.

City Manager Goldstein stated that with the current system the City will have sufficient funds to complete the General Plan Update. He stated that the current collected General Plan Maintenance fees are approximately \$100,000 per year, therefore approximately \$100,000 per year would be realized if the fees remain historically consistent, rounding out the entire financing package.

Mayor Termini opened this item to the public.

Jacques Bertrand, Capitola resident, suggested a progressive General Plan Maintenance Fee so applicants could pay in increments.

Mayor Termini closed this item to the public.

**ACTION:** Motion by Council Member Norton, seconded by Council Member Storey, to adopt Resolution No. 3935, adopting the proposed City Fee Schedule for Fiscal Year 2012/2013. The motion carried on the following vote: **AYES:** Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. **NOES:** None. **ABSENT:** None. **ABSTAIN:** None.

**C. Consideration of a tax-exempt refinancing option for the Pacific Cove Bond. [260-10/500-10 A/C: Public Property Financing Corporation]**

**Council Member Nicol** stated that due to a conflict of interest, he will recuse himself from participating on Item No. 9.C.; he is a stockholder in Santa Cruz County Bank. He left the dias.

**Finance Director Hannah** reported on this item. She stated that the City now has the opportunity to refinance the existing debt as tax-exempt. She reviewed the annual costs if the Council approves a reduction in interest rate. She reviewed alternative financing options to address the City's debt.

**City Council discussion ensued on this item.**

**ACTION:** Motion by Council Member Norton, seconded by Council Member Storey, to not take action on this item regarding a tax-exempt refinancing option for the Pacific Cove Bond. The motion carried on the following vote: **AYES:** Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. **NOES:** None. **ABSENT:** None. **ABSTAIN:** Council Member Nicol.

**Council Member Nicol** returned to the dias.

**D. Consideration of approving the Art & Cultural Commission recommendation to pursue design options for a three-panel kiosk, including design standards for the panels, and a correlating design for the Soquel Creek Interpretive Signs located along Soquel Creek. [1010-10]**

**Administrative Service Director Murphy** introduced this item. She stated that the proposed total project cost is \$10,000. The Public Art Fund has \$20,000 allocated in the Fiscal Year 2012/2013 budget for Public Art Projects. She described the design of the kiosk.

**Mayor Termini** opened this item to the public.

No one spoke.

**Mayor Termini** closed this item to the public.

**ACTION:** Motion by Council Member Norton, seconded by Council Member Storey, approving the Art & Cultural Commission recommendation to pursue design options for a three-panel kiosk, including design standards for the panels, and a correlating design for the Soquel Creek Interpretive Signs located along Soquel Creek: The motion carried on the following vote: **AYES:** Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. **NOES:** None. **ABSENT:** None. **ABSTAIN:** None.

**10. COUNCIL/STAFF COMMUNICATIONS**

**Public Works Director Jesberg** provided a summary of the meeting held on August 2, 2012 with the residents of Summerfield and Target management regarding Target signage, and the passage-way through the wall between the Capitola Mall and the Summerfield neighborhood.

**Police Chief Escalante** reported on decibel readings taken at Target at various times of the night. In addition, he stated that PG&E will provide funding to help pay for the instructor costs for self-defense classes for women.

**Administrative Service Director Murphy** stated that the City has 23 mobilehome coaches for sale in the former Pacific Cove Mobile Home Park; bids are due on October 8, 2012, at 3:00 p.m.

**Council Member Norton** complimented the Police Chief, the Public Works Director, and the Mayor for an excellent job done on Reposa Avenue.

**11. ADDITIONAL MATERIALS**

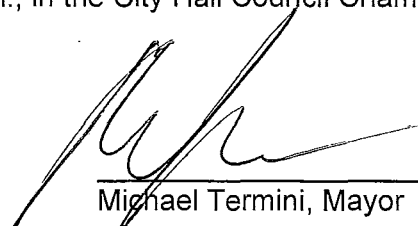
None provided

**12. ADJOURNMENT**

**Mayor Termini** adjourned at 9:15 p.m. to the next Regular Meeting of the City Council to be held on Thursday, October 11, 2012, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

ATTEST:

  
\_\_\_\_\_, CMC  
Susan Sneddon, City Clerk

  
\_\_\_\_\_  
Michael Termini, Mayor

**MINUTES WERE UNANIMOUSLY APPROVED ON FEBRUARY 14, 2013**